

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 90-321-C - ORDER NO. 90-862 ✓
SEPTEMBER 11, 1990

IN RE: Application by Southern Bell Telephone)
and Telegraph Company for revisions to)
its Access Service Tariff to permit the) ORDER
Company to audit the minutes of use) APPROVING
reported for unauthorized intraLATA) REVISED
calls and to move the compensation rate) TARIFF
from Section E6 to E16)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed on March 12, 1990, on behalf of Southern Bell Telephone and Telegraph Company (the Company) requesting approval of revisions to its Access Service Tariff to add language that will permit the Company to audit the minutes of use reported by entities completing unauthorized intraLATA calls and to move the compensation rate from Section E6 to E16. Additionally the Company seeks to increase the period for reporting unauthorized minutes of use to forty-five (45) days past the end of a calendar quarter. The tariff was filed and processed in accordance with established Commission policies and procedures.

This matter was duly noticed to the public and Petitions to Intervene were filed on behalf of MCI Telecommunications Corporation (MCI); AT & T Communications of the Southern States, Inc. (AT & T); and U.S. Sprint Communications Company (Sprint).

As of April 17, 1990, all parties of record were notified pursuant to Public Service Commission Regulation 103-869(C) of the need to pre-file all testimony and exhibits to be presented at the hearing of this matter. The Company, in compliance with this regulation, pre-filed the testimony of Jerry D. Hendrix. On August 1, 1990, MCI filed a Motion to Dismiss or in the Alternative To Strike and For a Continuance alleging that portions of the said pre-filed testimony purported to offer conclusions as to the need for an increase in compensation rates. Thereafter, MCI, by letter dated August 2, 1990, withdrew its Motion after the stated testimony was revised to exclude such portions.

A public hearing relative to the matters asserted in the Application was held at 11:00 a.m., on Tuesday, August 21, 1990, at the Commission's Hearing Room, 111 Doctors Circle, Columbia, South Carolina, before the Commissioners, with Chairman Marjorie Amos-Frazier presiding. Fred A. Walters, Esquire, represented the Company; Francis P. Mood, Esquire, represented AT & T; D. Christian Goodall, Esquire, and Tiane L. Sommer, Esquire, represented MCI; and Marsha A. Ward, General Counsel, represented the Commission Staff. No one appeared on behalf of Sprint.

The Company presented testimony from Mr. Jerry Hendrix, Staff Manager, Rates. Mr. Hendrix testified that the tariff was necessary to ensure more accurate reporting of unauthorized intraLATA minutes of use and to remove all confusion regarding the general regulations on unauthorized intraLATA traffic. It appeared that, because of errors, some interexchange carriers and resellers have not and are not accurately reporting unauthorized

minutes of use, all of which are billed to the entity reporting the minutes. The reported minutes of use represent intraLATA toll minutes that would have been billed as intraLATA toll calls by the local exchange companies at their toll rates. The resulting revenues are placed in the intraLATA pool. Local exchange companies participating in the toll pool, as well as their ratepayers, are impacted if the actual unauthorized intraLATA minutes of use are not reported. Similar tariffs with more stringent requirements have been approved in our sister states and the Commission, in its Order No. 86-793, has recognized the need for a compensation plan designed to compensate the local exchange companies for the unauthorized transmittal of intraLATA long distance traffic.

Mr. Hendrix further testified that the Company by this tariff revision seeks the same type of audit authority it presently exercises to audit the percent interstate usage (PIU) reported to local exchange companies, and that both the PIU and intraLATA audits could be conducted at the same time. Any disputes which might arise because of the audit process may be brought before the Commission for resolution, and the audits would be carried out subject to agreements as to proprietary information.

Based upon the evidence in the record, the Commission makes the following findings and conclusions:

1. Because of errors, some interexchange carriers and resellers may not have been accurately reporting unauthorized minutes of use.

2. Reported minutes of use represent intraLATA toll minutes

that would have been billed as intraLATA toll calls by the local exchange companies at their toll rates.

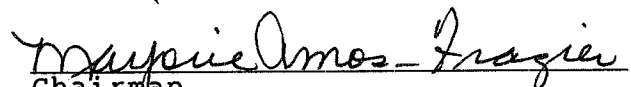
3. Local exchange companies participating in the toll pool, as well as their ratepayers, can be impacted if the actual unauthorized intraLATA minutes of use are not reported.

4. The Commission has recognized the need for a compensation plan to compensate the local exchange companies for the unauthorized transmittal of intraLATA long distance traffic.

5. The audits of intraLata unauthorized minutes of use can be carried out at the same time the Company performs PIU audits, subject to Commission review and discretionary intervention.

IT IS THEREFORE ORDERED that the revisions by the Company to its Access Service Tariff are in the public interest and should be, and hereby are, approved as filed.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director
(SEAL)